Erratum

National Energy Board

Within Section 1: Organizational Expenditure Overview, the Departmental Spending Trend Graph was shown in English for the *Rapports sur les plans et les priorités (RPP) 2016-2017*.

Correction:

The Departmental Spending Trend Graph is now correctly shown in French in the *Rapports sur les plans et les priorités (RPP) 2016-2017*.

National Energy Board

Office national de l'énergie

National Energy Board

2016–17

Report on Plans and Priorities

C. Peter Watson, P.Eng. FCAE
Chair and CEO
National Energy Board

The Honourable Jim Carr , P.C., M.P.
Minister
Natural Resources

Canada

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Cat. No. NE2-11/2016E-PDF
ISSN 2292-3926

This title is published separately in both official languages.

Copies are available on request from:
Library and Publication Services
National Energy Board
517 Tenth Avenue SW
Calgary, Alberta T2R 0A8

Telephone:
403-292-4800
1-800-899-1265

Fax:
403-292-5503

Email: publications@neb-one.gc.ca
www.neb-one.gc.ca

Printed in Canada

© Sa Majesté la Reine du Chef du Canada 2016
représentée par l'Office national de l'énergie

N° de cat. NE2-11/2016F-PDF
ISSN 2292-3934

Le titre est publié séparément dans les deux langues officielles.

Pour obtenir des exemplaires sur demande :
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Imprimé au Canada

Document Name: RPP-2016-17-FINAL-ENG-with Erratum

03/09/2016 12:00:00 AM

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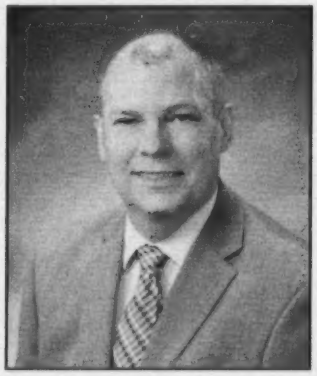


I am pleased to present the National Energy Board (NEB or the Board) Report on Plans and Priorities for 2016 – 2017. The Board has embarked on an ambitious journey of modernization, focused on improving relationships with municipalities and Indigenous Peoples, enhancing environmental and safety outcomes, and increased transparency for pipeline safety measurement.

Guiding our journey is our commitment to regulatory excellence. In support of this, the NEB is planning to request changes to our Program Alignment Architecture and our Performance Measurement Framework, which will enhance our transparency as a regulator. More clearly defining our programs and activities, and developing meaningful associated metrics, will establish a baseline for how we will measure our performance going forward. We are accountable to the Canadian public, and it is essential that we are able to demonstrate to Canadians that we are effectively fulfilling our mandate by having a strong focus on results.

This past year I travelled across the Canada as a part of the NEB's National Engagement Initiative[i]. What I learned had a profound impact on me and how I see the NEB doing its work in the future. Canadians want to be a part of the energy dialogue, and want to be informed about safe energy regulation in our country. In response, the NEB will increase stakeholder engagement, both within and outside of the adjudication processes, by ramping up our community-based and regional focus. We will work on building stronger, renewed relationships with regional communities and community leadership, landowners, environmental groups and Indigenous Peoples. We will also ensure that the information we provide to the public is clear, transparent and easily accessible.

We hold companies accountable for the safety of their energy infrastructure over its entire lifecycle, from design to abandonment. This year, we are honing our focus on safety and environmental outcomes, root causes and systemic performance as we regulate in the Canadian public interest. Our goal is to move towards a predictive regulatory system with emphasis on management systems and safety culture.

The *Pipeline Safety Act* was passed in June 2015, which strengthens our legislation and expands our toolkit to protect Canadians and the environment. The new provisions under this legislation are to be implemented by June 2016. In addition, we will continue work begun in 2015 to facilitate emergency management and emergency management coordination at the regional and community level.

The coming year will be one of hard work, transformation and evolution for the NEB, as we move towards realizing our Strategic Priorities: Leading Regulatory Excellence, Taking Action on Safety and Engaging Canadians. I remain confident that, through the efforts of our dedicated, professional staff, we will continue to refine, improve and excel in the work we do on behalf of Canadians.

C. Peter Watson, P. Eng. FCAE
Chair and CEO
National Energy Board

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: The Honourable Jim Carr, P.C., M.P.

Chair and CEO: C. Peter Watson, P. Eng. FCAE

Ministerial Portfolio: Natural Resources

Enabling Instrument(s): *National Energy Board Act* (NEB Act)[ii]

Year of Incorporation / Commencement: 1959

Organizational Context

Raison d'être

The National Energy Board is an independent federal quasi-judicial regulatory tribunal established in 1959 to promote safety and security, environmental protection, and economic efficiency in the Canadian public interest within the mandate set by Parliament for the regulation of pipelines, energy development and trade.

Responsibilities

The main responsibilities of the NEB are established in the NEB Act and include regulating:

- The construction, operation and abandonment of pipelines that cross international borders or provincial/territorial boundaries, as well as the associated pipeline tolls and tariffs;
- The construction and operation of international power lines and designated interprovincial power lines; and
- Imports of natural gas and exports of crude oil, natural gas liquids (NGL), natural gas, refined petroleum products and electricity.

Additionally, in specified areas[1] the Board has regulatory responsibilities for oil and gas exploration and production activities under the *National Energy Board Act*, *Canada Oil and Gas Operations Act*[iii] (COGOA), the *Canada Petroleum Resources Act*[iv] (CPRA), and the North West Territories' *Oil and Gas Operations Act*[v] *(OGOA)* and *Petroleum Resources Act*[vi] *(PRA).*

The NEB conducts environmental assessments during its review of applications for projects under its jurisdiction. For certain projects, the Board also conducts environmental assessments as required by federal legislation, such as the *Canadian Environmental Assessment Act, 2012*[vii] (CEAA 2012), the *Mackenzie Valley Resource Management Act*[viii], and the Inuvialuit Final Agreement or the Nunavut Land Claims Agreement. Certain Board inspectors are appointed Health and Safety Officers by the Minister of Labour to administer Part II of the *Canada Labour Code*[ix] as it applies to NEB-regulated facilities and activities.

The Board also monitors aspects of energy supply, demand, production, development and trade. The Board reports to Parliament through the Minister of Natural Resources.

[1] Areas to which such responsibilities relate include Nunavut; Sable Island; the Inuvialuit Settlement Region onshore; that part of the onshore that is under the administration of a federal minister (including Normal Wells Proven area and other miscellaneous parcels); that part of the internal waters of Canada or the territorial sea of Canada that is not situated in a province other than the Northwest Territories, or in that part of the onshore that is not under the administration of a federal minister; and the continental shelf of Canada, but does not include the adjoining area as defined in section 2 of the *Yukon Act*.

Strategic Outcome(s) and Program Alignment Architecture

1. Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

1.1 Program: Energy Regulation Program

1.1.1 Sub-Program: Energy Regulation Development

1.1.2 Sub-Program: Energy Regulation Implementation, Compliance Monitoring and Enforcement

1.2 Program: Energy Information Program

Internal Services

The NEB intends to modernize its Program Alignment Architecture and Performance Measurement Framework:

As part of the Chair and CEO's efforts to modernize our organization, the NEB intends to request changes to its Program Alignment Architecture (PAA) and Performance Measurement Framework (PMF) to make them clearer and more transparent for Canadians. If made, these changes would help better support cost-recovery. These changes, if approved by the Minister of Natural Resources and the President of Treasury Board, will take effect in fiscal year 2017-18.

Some measures in the 2016-17 PMF have been updated to start the transition to a new PAA and PMF structure. Some of the new measures show "baseline to be determined (TBD)" as a target. The NEB will focus on quantifying the data to report on these measures in order to determine targets.

The NEB is a full lifecycle regulator with three key roles. We are an adjudicator of energy projects, we support the safety of Canadians and the environment through energy infrastructure and activity oversight, and we educate and engage Canadians through energy information. The new PAA and PMF will clearly reflect these roles.

By updating our PAA, and developing associated performance measures, the NEB will be able to show closer alignment between these roles and the expected performance of the NEB by Canadians.

This will also support the Government of Canada's mandate to achieve required public trust through transparent and effective performance measures that will assess the impact of organizations.

Organizational Priorities

Priority: Lead Regulatory Excellence

Demonstrating regulatory leadership will improve public confidence in the NEB's ability to fulfill its mandate, as well as facilitate stronger coordination and cooperation with our territorial, provincial, federal, and international counterparts. This priority reaches broadly across the entire organization and is based on continual learning and innovation, enhanced evaluation, and improved management systems. Excellence is the means for providing what Canadians expect and deserve: a fair, transparent and respectful regulator that delivers timely, high-quality results.

Regulatory excellence is not a static achievement but a perpetual pursuit. It is dynamic by nature. We are already a strong regulator, and are taking additional steps to define what regulatory excellence means for us as an organization. It is about shaping the NEB into a regulator that continually improves its work, builds strong relationships with stakeholders, and commits itself to serving the public interest. We will undertake a more comprehensive review of our processes and management systems to continually improve our capacity and results as a regulator.

Priority Type[2] Previously Committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Link to Department's Program Alignment Architecture
Define and develop a NEB-specific framework for regulatory excellence.	April 2015	March 2016	1.1 Energy Regulation 1.2 Energy Information Internal Services
Identify ways to continually improve our performance metrics and analytics to support organizational and regulatory decision-making	March 2016	Ongoing	1.1 Energy Regulation 1.2 Energy Information Internal Services
Implement a NEB-specific framework for regulatory excellence	March 2016	Ongoing	1.1 Energy Regulation 1.2 Energy Information Internal Services

2. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

Collaborate with other regulators for peer review and to test our understanding of regulatory excellence	April 2015	Ongoing	1.1 Energy Regulation 1.2 Energy Information Internal Services
Develop criteria and measures, as part of a framework, to evaluate an internal culture of safety[3] and environmental protection	April 2015	March 2017	1.1 Energy Regulation 1.2 Energy Information Internal Services
Use strong governance and decision-making to implement an internal culture of safety and environmental protection	April 2015	Ongoing	1.1 Energy Regulation 1.2 Energy Information Internal Services

For more information on organizational priorities, see the Minister's mandate letter on the Prime Minister of Canada's website.[x]

Priority: Take Action on Safety[4]

It is important that the NEB demonstrates to Canadians that the NEB holds companies accountable for safety. Actions in support of this priority will increase Canadians' confidence that the NEB is effectively fulfilling its mandate.

The *Pipeline Safety Act* provided amendments to the NEBA and COGOA that strengthen expectations for safety and security of regulated pipelines and international power lines. It requires updates to the NEB's Onshore Pipeline Regulations and promulgation of new regulations with respect to pipeline crossings and damage prevention. The NEB is committed to completing preparation for full implementation of the new provisions by June 2016 as required.

The NEB will continue its work to advance safety culture across regulated companies and the industry as a whole, in concert with effectively implemented safety management systems. This will include formal engagement with industry members and other regulatory agencies.

Emergency management is a key component of the NEB's safety and environmental protection mandate. The NEB will focus on promoting and verifying regulated companies, municipalities and other first responders have clear and open communication so that they continue to be appropriately prepared for a coordinated and effective response to any emergency.

[3] Safety Culture is defined as the attitudes, values, norms and beliefs, which a particular group of people shares with respect to risk and safety

[4] Safety includes: safety of workers and the public, process safety, operational safety, facility integrity, security and environmental protection.

Priority Type[5] Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Link to Department's Program Alignment Architecture
Provide enhanced information on the status of conditions that have been placed on project approvals	October 2015	December 2016	1.1 Energy Regulation
Identify and implement new tools for inspection officers to efficiently collect information from field inspections, and to facilitate compliance data analysis	April 2015	July 2016	1.1 Energy Regulation
Improve the completeness, accuracy and timeliness of regulatory data	April 2015	Ongoing	1.1 Energy Regulation
Complete preparations and undertake full implementation of legislative changes including new emergency response provisions, powers to inspect international power lines, and promulgation of new Damage Prevention Regulations	June 2015	July 2016	1.1 Energy Regulation
Formulate indicators and tools to collect baseline intelligence on safety culture across industry	December 2015	March 2017	1.1 Energy Regulation
Develop and implement plans for engaging municipal, provincial and federal governments to promote and support well-defined and coordinated emergency management systems	January 2016	April 2017	1.1 Energy Regulation

For more information on organizational priorities, see the Minister's mandate letter on the Prime Minister of Canada's website.[xi]

[5] See footnote 2.

Priority: **Engaging with Canadians**

There is a need to inform Canadians about the NEB's role and its processes, and to demonstrate responsiveness and transparency.

Our engagement with Canadians goes beyond that which has been established through and guided by our application hearing processes. This means reaching out to Canadians and presenting ourselves as a whole, not just as the sum of regulatory processes. This means engagement along the full lifecycle of a project, across the whole of Canada, with responsive regional focus, on pipeline safety and environmental issues. It means more effective communication that is tailored to the intended audience, and is readily accessible by any stakeholder who wants it.

The NEB has established regional offices in Vancouver, Montréal and Yellowknife. The offices are part of an initiative to strengthen the NEB's regional presence, raise awareness about our work, build stronger relationships with regional public and local institutions, communities, landowners and Indigenous groups; and to be in a position to more quickly respond to events requiring immediate NEB attention. These offices build upon our existing engagement efforts and move the organization forward to foster greater public confidence.

Priority Type[6] Previously Committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Link to Department's Program Alignment Architecture
Implement public engagement framework including the development of regional engagement plans and strategies for engaging key stakeholder groups	April 2016	March 2017	1.1 Energy Regulation 1.2 Energy Information
Continue to mobilize regional presence through staffing of regional offices	April 2016	September 2016	1.1 Energy Regulation 1.2 Energy Information
Modernize web presence and engagement tools	April 2016	March 2017	1.1 Energy Regulation 1.2 Energy Information
Continue to provide Canadians with accurate, timely and relevant energy information	April 2016	Ongoing	1.1 Energy Regulation 1.2 Energy Information

For more information on organizational priorities, see the Minister's mandate letter on the Prime Minister of Canada's website.[xii]

[6] See footnote 2.

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Incident at a regulated company resulting in serious injury, fatality or significant environmental damage	The NEB will strengthen current controls, implement additional controls and monitor their effectiveness in mitigating this risk. • Completion of Compliance Verification Activities (including inspections and audits) according to the NEB's risk-informed Compliance Verification Plan • Formulate indicators and tools to collect baseline intelligence on safety culture across industry	Energy Regulation Program
Inaccurate or incomplete public portrayal of NEB	The NEB will strengthen current controls, implement additional controls and monitor their effectiveness in mitigating this risk. • Implement public engagement framework including the development of regional engagement plans and strategies for engaging key stakeholder groups • Increase regional presence through staffing of regional offices • Provide Canadians with accurate, timely and relevant energy information in new and innovative ways	Energy Regulation Program Energy Information Program
Alignment of Information Technology/Information Management (IT/IM) plans and business strategies	The NEB will strengthen current controls, implement additional controls and monitor their effectiveness in mitigating this risk. • Utilize centralized direction and control for managing IT assets, IT spending, technology choices and application development.	Energy Regulation Program Internal Services

The NEB continues to work in a changing environment. The organization's responsibilities are informed by a wide array of factors including emerging industry developments, the proactive consideration of safety, environmental, societal, and economic trends that shape the Canadian public interest.

The NEB regulates approximately 73,000 kilometers of interprovincial and international pipelines – nearly enough pipeline to wrap around the earth twice. In 2015, the more than 100 pipelines regulated by the NEB, shipped approximately $96 billion worth of crude oil and petroleum products, natural gas liquids and natural gas to Canadians and export customers. The NEB also regulates approximately 1,400 kilometres of international power lines, almost the distance between Yellowknife to Regina. These are owned by over 30 companies and transmitted approximately $3.3 billion of electricity into and out of Canada.

While over 99 per cent of energy products are transported safely in Canada, there is, nonetheless, a possibility that an incident at a NEB-regulated company resulting in serious injury, fatality or significant environmental damage could occur. This risk arises from several factors including the varying maturity of management systems and safety culture at NEB-regulated companies. The safety of Canadians and protection of the environment are the NEB's top priorities and the risk response strategy in the table above will help the NEB ensure that energy infrastructure is the very safest it can be.

Parliamentarians and members of the public have shown increased and ongoing interest in the energy industry, the safety of pipelines, and the environmental impacts of pipeline incidents. The NEB recognizes these interests and the need to further its communications and engagement efforts to help Canadians better understand energy information, regulatory processes and the role of the NEB as a lifecycle regulator. If the organization does not do this effectively, it runs the risk of inaccurate or incomplete public portrayal of the NEB. To mitigate this risk, the NEB plans to complete a number of actions in 2016-17 including implementing a public engagement framework, increasing its regional presence and providing Canadians with accurate, timely and relevant energy information in new and innovative ways.

As the NEB pursues its priority of leading regulatory excellence, it continues to address the risk that its IT/IM plans and business strategies may not be completely in alignment. Maximizing alignment of IT/IM plans with business strategies is critical to ensure that the NEB can deliver on its program objectives while achieving best value for money and incorporating the evolving mandate of Shared Services Canada. The NEB will work throughout the year to mitigate this risk by utilizing centralized direction and control for managing IT assets, IT spending, technology choices and application development.

Planned Expenditures

Budgetary Financial Resources (dollars)

2016–17 Main Estimates	2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
89,425,447	93,605,275	73,845,445	72,183,499

Human Resources (Full-Time Equivalents [FTEs])

2016–17	2017–18	2018–19
495.4	449.6	444.6

Budgetary Planning Summary for Strategic Outcome(s) and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2013–14 Expenditures	2014–15 Expenditures	2015–16 Forecast Spending	2016–17 Main Estimates	2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.							
1.1 Energy Regulation Program	47,970,746	45,310,493	49,248,625	58,584,596	61,322,894	44,906,857	45,317,757
1.2 Energy Information Program	6,156,305	6,567,390	7,094,363	7,307,066	7,648,605	7,018,161	5,160,645
Subtotal	54,127,051	51,877,883	56,342,988	65,891,662	68,971,499	51,925,018	50,478,402
Internal Services Subtotal	27,555,630	35,443,200	31,280,520	23,533,785	24,633,776	21,920,428	21,705,097
Total	81,682,681	87,321,083	87,623,508	89,425,447	93,605,275	73,845,446	72,183,499

The NEB is funded through parliamentary appropriations. The Government of Canada recovers approximately 95 per cent of the appropriation from the regulated industry. The revenues are deposited directly into the Consolidated Revenue Fund. This process is regulated by the *National Energy Board Cost Recovery Regulations*[xiii].

Planned spending in 2016-17 includes $3.3M for our expected operating budget carry forward and $0.9M for Eligible Paylist expenses.

Planned spending in 2017-18 decrease by $19.8M or 21% mainly due to:

- Funding received in 2012-13 to enhance NEB safety and security programs as well as public awareness will cease at the end of 2016-17 ($5.7M) and most of the funding received through BUDGET 2014 for Mega Projects will also cease at the end of FY 2016-17 ($6.35M).
- Decrease of $0.65M in our PFP allocation due to TMX completion in 2016-17.
- The O&M portion of BUDGET 2015 is front-end loaded to ramp-up the Safety & Environmental Protection and Engaging with Canadians initiatives with contracting and training which decreases $4.0M in 2017-18.
- We have not accounted for a carry forward from 2016-17 to 2017-18 ($3.3M) as we expect to spend our full appropriation in 2016-17.
- Employee Benefit Plan to decrease by $0.23M in 2017-18 from 2016-17.

Planned spending in 2018-19 decrease of $1.7M is mainly due to the 5 FTEs re-profiled from 2014-15 and linked to Mega Projects which are expiring and a reduction in O&M from BUDGET 2015 linked to Safety & Environment Protection.

Alignment of Spending With the Whole-of-Government Framework

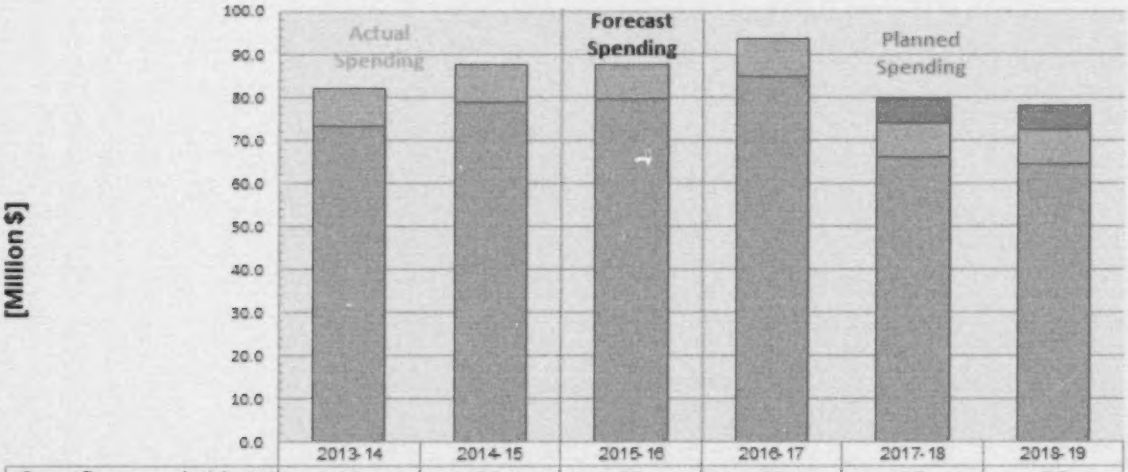
Alignment of 2016–17 Planned Spending With the Whole-of-Government Framework[xiv] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2016–17 Planned Spending
The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.				
	1.1 Energy Regulation	Economic affairs	Strong economic growth	61,322,894
	1.2 Energy Information	Economic affairs	Strong economic growth	7,648,605

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic affairs	68,971,499
Social affairs	-
International affairs	-
Government affairs	-

Departmental Spending Trend



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Sunset Programs – Anticipated	0.0	0.0	0.0	0.0	5.7	5.7
Statutory	8.4	8.5	8.2	8.8	7.9	7.8
Voted	73.3	78.9	79.4	84.8	65.9	64.4
Total	81.7	87.3	87.6	93.6	79.5	77.9

The above graph represents NEB's actual and planned spending from 2013-14 to 2018-19.

For 2013-14 and 2014-15, spending represents the actual expenditures as reported in the Public Accounts. For fiscal year 2015-16, spending represents forecasted expenditures as of the end of November 2015. For the period 2016-17 to 2018-19, spending reflects approved funding by Treasury Board to support our main strategic outcome as well as anticipated renewals of some programs sunsetting past 2016-17: Safety Submission ($5.2M) and Public Awareness ($0.5M).

As indicated in the chart above, NEB's forecasted spending for 2015-16 is at par with last fiscal year spending.

For the explanation on variances in planned spending between 2016-17 and 2018-19, refer to the analysis included in the Planned Expenditures section earlier in this document.

Estimates by Vote

For information on NEB's organizational appropriations, consult the 2016–17 Main Estimates.[xv]

Section II: Analysis of Program(s) by Strategic Outcome

Strategic Outcome:

The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

Performance Measurement

Performance Indicators	Targets	Date to Be Achieved
Number of deaths or serious injuries related to the construction, operation or abandonment of NEB-regulated facilities	0	Annually
Number of liquid releases that leave company property of NEB-regulated facilities.	0	Annually
Number of ruptures on NEB-regulated facilities.	0	Annually

Program 1.1: Energy Regulation

Description

This program provides the regulatory framework under which the NEB carries out its mandate and achieves part of its strategic outcome. Specifically, it enables Canadian federally regulated energy infrastructure to be developed and supervised throughout its lifecycle. The regulatory framework includes components such as setting expectations for industry and others, monitoring and enforcing compliance with requirements, measuring performance of the NEB's regulatory framework and focusing on continual improvement. The authority for this program is derived from the *National Energy Board Act*, the *Canada Oil and Gas Operations Act*, the *Canada Petroleum Resources Act*, the *Canada Labour Code* and other associated regulations and guidelines. Energy regulation provides Canadians with safe, reliable and efficient energy supply.

Budgetary Financial Resources (dollars)

2016–17 Main Estimates	2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
58,584,596	61,322,894	44,906,857	45,317,757

The increase in 2016-17 in planned spending from the Main Estimates is primarily due to the expected carry forward from 2015-16 to 2016-17. The decline in planned spending starting in FY 2017-18 is primarily due to the Safety Submission and Public Awareness funding which sunsets in 2016-17 and the funding received through Budget 2014 for Mega Projects which will cease at the end of FY 2016-17.

Human Resources (Full-Time Equivalents [FTEs])

2016–17	2017–18	2018–19
294.2	267.0	264.1

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Regulated activities are conducted in accordance with regulatory requirements	Number of inspections conducted per fiscal year	150	Annually
	Number of audits conducted per fiscal year	6	Annually

Planning Highlights

The Board verifies and enforces compliance with regulatory requirements using a variety of tools including field inspections and management system audits. The NEB targets its inspection and audit activities using a risk-informed approach, to focus efforts on those facilities and issues that pose the highest risk to safety of the public, workers and environmental protection. Under this program, the Board will:

- Deliver on its compliance activity plan, including field inspections and audits
- Implement improvements to its compliance program by:
    - Conducting analysis of information and data obtained from compliance activities to further refine compliance planning
    - Using recent pipeline performance indicators (available in a summary report on the NEB website[xvi]) to inform compliance planning and program improvements
    - Refining the inputs to the risk-informed planning model

- Initiate development of a modern system to facilitate efficient collection, analysis and reporting of regulatory data as per recommendations from the Office of the Auditor General's (OAG) Audit of the oversight of federally regulated pipelines.
- Modernize hearing and non-hearing application processes including systems used to support the application assessment processes
- Continue to:
    - use input from Canadians(e.g. Land Matters Group) to inform NEB initiatives
    - provide ways for Canadians to express their views and opportunities for experts to meaningfully participate in reviews
    - engage with Indigenous Peoples to develop engagement programs that provide sustained and consistent lifecycle interaction and communication approaches

Sub-Program 1.1.1: Energy Regulation Development

Description

This sub-program provides the energy sector and affected stakeholders with the regulatory expectations required for the development and operation of energy infrastructure and for oil and gas exploration and development activities in lands and offshore areas as defined in s.3 of the *Canada Oil and Gas Operations Act*. The NEB develops and communicates regulations, guidance materials and related processes to ensure its regulatory expectations are clear and useful. The NEB actively seeks opportunities for improvement through amendments to regulations and guidance, non-mandatory goals and guidance, and other direction provided from time to time.

Budgetary Financial Resources (dollars)

2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
7,358,747	5,388,823	5,438,131

Human Resources (FTEs)

2016–17	2017–18	2018–19
29.5	26.7	26.4

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Clear and pragmatic regulatory framework	Percentage of planned regulation or regulatory guidance change activities completed	80%	Annually

Planning Highlights

Changes made by Parliament to the NEB Act and other applicable federal legislation, must be implemented, including the development of consequential regulations within statutory timelines. The NEB works closely with its federal, provincial and territorial partners to continually develop and improve all aspects of its regulatory framework, and to ensure that the NEB's mandate is pursued as effectively and efficiently as possible.

Key activities include:

- Developing and amending regulations required to implement the:
    - *Energy Safety and Security Act* (this work affects COGOA and is led by Natural Resources Canada, but in close collaboration with the NEB and other relevant federal, provincial, and territorial government departments and regulators)
        - Financial requirements (new regulations)
        - Administrative monetary penalties (new regulations)
    - *Pipeline Safety Act* (this work affects the NEB Act)
        - Financial requirements (new regulations led by Natural Resources Canada, but with technical assistance from the NEB)
        - Damage prevention (regulatory amendments led by the NEB)
- Continuing to help modernize the regulations related to the NEB's responsibilities for oil and gas exploration and production under COGOA and CPRA:
    - Natural Resources Canada is leading collaborative work to amend several regulations under COGOA:
        - Certificate of Fitness
        - Drilling and Production
        - Geophysical Operations
        - Installations
        - Operations
    - This regulatory development is occurring in close partnership with the NEB as well as several relevant federal, provincial, and territorial government departments and regulators
- Ongoing improvement of the NEB's broader regulatory framework, including the provision of updated, accurate, and relevant guidance to stakeholders on existing and newly developed regulations related to the NEB's mandate.

Sub-Program 1.1.2: Energy Regulation Implementation, Compliance Monitoring and Enforcement

Description

Through this sub-program, the NEB makes informed decisions and recommendations on issues and applications related to energy development, energy infrastructure, energy transportation, energy trade and related activities. As an independent regulatory tribunal, the NEB actively involves those affected by its regulatory decisions through public hearings and other engagement activities.

The Board verifies and enforces compliance with regulatory requirements and expectations such as those set out in the Board regulations, and terms and conditions of approvals. The NEB conducts its monitoring and enforcement activities under eight regulatory implementation programs: integrity, emergency management, safety management, damage prevention, financial regulation, respecting rights and interests, security, and environmental protection. Through monitoring and enforcement, the NEB holds regulated entities accountable for results in the Canadian public interest. The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society's values and preferences evolve over time. This program uses funding from the following transfer payment: *National Energy Board Participant Funding Program*

Budgetary Financial Resources (dollars)

2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
53,964,147	39,518,034	39,879,626

Human Resources (FTEs)

2016–17	2017–18	2018–19
264.7	240.3	237.7

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
NEB decisions and recommendations are issued within legislated timelines	Percentage of NEB decisions and recommendations that are issued within legislated timelines	100%	Annually

NEB processes are fair, impartial, transparent, independent and based on evidence on the record	Per cent of successful judicial reviews or appeals related to procedural fairness	0%	Annually
Regulated companies are held accountable for results in the Canadian public interest	Percentage of corrective actions addressed by the company in the prescribed time	Baseline TBD	Annually
	Percentage of successful challenges to NEB enforcement actions	Baseline TBD	Annually

Planning Highlights

The NEB's regulatory and non-regulatory activities are risk-informed and driven by timely analysis of data and information collected from different activities. Analysis of accurate and relevant information informs the NEB application assessment, compliance verification and enforcement processes. Through these efforts, the NEB will continue to hold regulated companies accountable for results in the Canadian public interest.

The NEB will continue improvements to its lifecycle approach through application assessment, verifying compliance and enforcing regulatory requirements.

In the coming year, in addition to addressing specific recommendations from the Office of the Auditor General's Audit of the oversight of federally regulated pipelines, the NEB will specifically:

- Improve the documentation, tracking and reporting of conditions that have been placed on project approvals as per recommendations from the OAG Audit of the oversight of federally regulated pipelines
- Increase transparency by creating a process to provide the public with information on the status of approval conditions
- Conduct an evaluation of industry abandonment cost estimates
- Add clarity to the NEB's enforcement program for all parties
- Continue to:
    - process and assess regulatory applications under the NEB Act and COGOA, and provide advice to the Board based on the evidence submitted, thereby ensuring decisions continue to be based on science, facts and evidence
    - monitor time-limit commitments in application processes
    - provide culturally appropriate opportunities for Indigenous Peoples to provide input into the hearing process including Oral Traditional Evidence

Program 1.2: Energy Information

Description

Under this program, the supply, demand, production, development, transmission and trade of energy are analyzed to ensure the requirements of Canadians are appropriately met. Advice is provided on energy issues of interest. The Board uses energy information to inform its regulatory decisions and to produce publicly available assessments of energy trends, events and issues that may affect Canadian energy markets and the supply and demand for energy.

Budgetary Financial Resources (dollars)

2016–17 Main Estimates	2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
7,307,066	7,648,605	7,018,161	5,160,645

The decline in planned spending in FY 2018-19 is primarily due to funding received for Safety and Environment Protection in Budget 2015 for activities that were funded only for the first three fiscal years of that five years submission.

Human Resources (Full-Time Equivalents [FTEs])

2016–17	2017–18	2018–19
42.4	38.5	38.1

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Energy supply and market information supports regulatory decision-making	Percentage of level of satisfaction of Board Members with energy supply and market information and analysis in the context of regulatory processes	100%	Annually
Neutral, independent, reliable and fact-based energy information is available to Canadians	Number of visits to Energy Information webpage	Baseline TBD	Annually

Planning Highlights

The NEB's Energy Information Program provides credible, neutral, and independent energy information that informs the regulatory work of the Board and also adds value to broader public discussions about energy in Canada.

Key activities include:

- Monitoring developments in energy markets, and gathering and publishing relevant energy statistics
- Drafting and publishing major reports and studies on energy markets, resources, and infrastructure
- Maintaining and further developing new publication streams designed to appeal to broader audiences and provide energy information in a more user-friendly style
- Supporting the Board's regulatory decisions by providing timely market analysis related to applications before the Board
- Developing data visualizations that will tell Canada's energy story in a simple, clear, and concise manner
- Working with other organizations within Canada and abroad to learn and adopt best practices, and to enhance the accuracy and transparency of energy information
- Leveraging the Government of Canada Web Renewal and Open Data initiatives to improve Canadians' access to energy information

These activities provide internal and external stakeholders, as well as the general public, with timely, relevant, and accessible information on energy markets. This supports regulatory excellence, enhances energy literacy, and helps inform public debate and policy-making.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Budgetary Financial Resources (dollars)

2016–17 Main Estimates	2016–17 Planned Spending	2017–18 Planned Spending	2018–19 Planned Spending
23,533,785	24,633,776	21,920,428	21,705,097

The decline in planned spending starting in FY 2017-18 is primarily due to the Safety Submission and Public Awareness funding which sunsets in 2016-17 and the funding received through Budget 2014 for Mega Projects which will cease at the end of FY 2016-17.

Human Resources (FTEs)

2016–17	2017–18	2018–19
158.8	144.1	142.4

Planning Highlights

To be an effective and efficient organization supporting regulatory excellence based on a culture of innovation and creativity, the NEB will continue to improve internal systems and processes, and embrace whole-of-government initiatives to increase efficiency and effectiveness, foster a culture of innovation, learning and continual improvement, and manage resources effectively and efficiently.

The NEB continues to experience an increase in workload due to the number of compliance activities and the complexity of applications in parallel with organizational changes, including the expansion of the NEB through a regional presence.

The following key activities support all of our organizational priorities and our Strategic Outcome and Program Alignment Architecture:

- Submit changes to the NEB's Program Alignment Architecture and Performance Management Framework to the Minister of Natural Resources for his agreement and if approved, submit to the President of Treasury Board
- Address recommendations stemming from the recent Horizontal Audit on Information Management and Information Technology Security.
- Support NEB program areas with the implementation of IM/IT requirements as per recommendations from the OAG Audit of the oversight of federally regulated pipelines
- Adapt IM/IT services and processes to incorporate evolving mandate of Shared Services Canada.
- Support Canada's Action Plan on Open Government and implement changes necessary to become fully compliant with the Policy on Information Management.
- Support NEB program areas and regional offices through the modernization of systems, associated software applications, tools and the provision of Government of Canada standardized network services.
- Modernize the corporate website and complete the migration to www.Canada.ca
- Align NEB's Enterprise Resource Planning, financial management and procurement processes and systems with Government of Canada-wide standards established by Treasury Board (e.g. Phoenix pay system, MyGCHR, PeopleSoft, SAP, Green Procurement, and Integrity Regime)
- Explore alternative financial management models which would enable the NEB to be more responsive to rapidly changing demands for regulatory service and information
- Support implementation of the *Pipeline Safety Act* and the *Energy Safety and Security Act* as it relates to cost recovery and various financial management matters
- Continue to:
    - strengthen physical security for staff and guests at NEB's head office located at Centre 10 in Calgary
    - carry out collective bargaining
    - renew the job classification system
    - implement retention strategies

Section III: Supplementary Information

Future-Oriented Condensed Statement of Operations

The Future-Oriented Condensed Statement of Operations provides a general overview of the NEB's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the Future-Oriented Condensed Statement of Operations is prepared on an accrual accounting basis, and the forecast and planned spending amounts presented in other sections of the Report on Plans and Priorities are prepared on an expenditure basis, amounts may differ.

A more detailed Future-Oriented Statement of Operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, are available on the NEB's website[xvii].

Future-Oriented Condensed Statement of Operations
For the Year Ended March 31, 2016
(dollars)

Financial Information	2015–16 Forecast Results	2016–17 Planned Results	Difference (2016–17 Planned Results minus 2015–16 Forecast Results)
Total expenses	105,272,433	109,365,899	4,093,466
Total revenues	-	-	-
Net cost of operations before government funding and transfers	105,272,433	109,365,899	4,093,466

The increase in total expenses between 2015-16 and 2016-17 is primarily related to the full allocation of funds received through Budget 2015 for safety and environmental protection and greater engagement with Canadians.

Supplementary Information Tables

The supplementary information tables listed in the 2016–17 Report on Plans and Priorities are available on the NEB's website[xviii].

- Departmental Sustainable Development Strategy
- Disclosure of Transfer Payment Programs Under $5 Million
- Upcoming Internal Audits and Evaluations Over the Next Three Fiscal Years

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the Tax Expenditures and Evaluations[xix] publication. The tax measures presented in that publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Email: info@neb-one.gc.ca

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Telephone: 403-292-4800
Toll free: 1-800-899-1265
Fax: 403-292-5503
Toll free fax: 1-877-288-8803
TTY (teletype): 1-800-632-1663

Appendix: Definitions

Appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures: Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures: Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i National Engagement Initiative, http://www.neb-one.gc.ca/glbl/ccct/index-eng.html

ii *National Energy Board Act,* http://laws-lois.justice.gc.ca/eng/acts/N-7/page-1.html

iii *Canada Oil and Gas Operations Act*, http://laws-lois.justice.gc.ca/eng/acts/O-7/page-1.html

iv *Canada Petroleum Resources Act*, http://laws-lois.justice.gc.ca/eng/acts/C-8.5/page-1.html

v *Oil and Gas Operations Act*, http://www.assembly.gov.nt.ca/sites/default/files/14-03-06_bill_15.pdf

vi *Petroleum Resources Act*, http://www.assembly.gov.nt.ca/sites/default/files/14-02-25_bill_11.pdf

vii *Canadian Environmental Assessment Act (2012),* http://laws-lois.justice.gc.ca/eng/acts/c-15.21/page-1.html

viii *Mackenzie Valley Resource Management Act*, http://laws-lois.justice.gc.ca/eng/acts/m-0.2/page-1.html

ix *Canada Labour Code*, http://laws-lois.justice.gc.ca/eng/acts/l-2/FullText.html

x Prime Minister of Canada's website, http://pm.gc.ca/eng/ministerial-mandate-letters

xi Prime Minister of Canada's website, http://pm.gc.ca/eng/ministerial-mandate-letters

xii Prime Minister of Canada's website, http://pm.gc.ca/eng/ministerial-mandate-letters

xiii *National Energy Board Cost Recovery Regulations*, http://laws-lois.justice.gc.ca/eng/regulations/SOR-91-7/page-1.html

xiv Whole-of-government framework, http://www.tbs-sct.gc.ca/ems-sgd/wgf-ipp-eng.asp

xv 2016–17 Main Estimates, http://www.tbs-sct.gc.ca/hgw-cgf/finances/pgs-pdg/gepme-pdgbpd/index-eng.asp

xvi Pipeline Performance Measures **http://www.neb-one.gc.ca/sftnvrnmnt/sft/pplnprfrmncmsr/index-eng.html**

xvii Future-Oriented Statement of Operations, http://www.neb-one.gc.ca/bts/pblctn/plnprrt/2016-2017/fnnclsttmnt2016-2017-eng.html

xviii Supplementary Information Tables, http://www.neb-one.gc.ca/bts/pblctn/plnprrt/2016-2017/index-eng.html

xix Tax Expenditures and Evaluations, http://www.fin.gc.ca/purl/taxexp-eng.asp